
STATEWIDE ISSUES

Controlling the Growth of State Government—The Administration recognizes the importance of controlling the size of the State workforce, and has eliminated 6,600 vacant positions in previous budgets. This budget reflects the elimination of an additional 6,000 vacant positions in the current year and more than 1,900 positions associated with program reductions in the current and budget years. The current Hiring Freeze will also continue through the current fiscal year, which will further limit the size of the State workforce.

State Teachers' Retirement System (STRS)—The Governor's Budget proposes to reduce the General Fund payment to STRS that provides for teacher purchasing power maintenance by \$500 million in 2003-04. In exchange, the State will make a statutory commitment to restore the funds if purchasing power protection at the 80 percent level cannot be maintained through July 1, 2036. In addition, the Budget reflects a deferral of payments to STRS through either pension obligation bonds or loan agreements executed with STRS. This proposal will result in reduced General Fund expenditures of approximately \$448 million in 2003-04.



California Public Employees' Retirement System (CalPERS)—

The Budget reflects a deferral of payments to CalPERS through either pension obligation bonds or loan agreements executed with CalPERS. This proposal will result in reduced General Fund expenditures of approximately \$1.1 billion in 2003-04.

Employee Compensation—The Department of Personnel Administration will negotiate, through the collective bargaining process, where applicable, an \$854 million (\$470 million General Fund) reduction in 2003-04 employee compensation costs. In addition, the Rural Health Care Equity Program, which assists with the out-of-pocket health care expenses for employees and annuitants who live in rural areas that are not covered by the State's contracts with HMOs, will no longer include annuitants as of February 1, 2003.

Advisory Boards and Commissions—The Administration directs all advisory boards and commissions to limit their meetings to one annually.

